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SUBJECT: SEOUL - PRESS BULLETIN; September 22, 2009

TOP HEADLINES

Chosun Ilbo, JoongAng Ilbo, Hankook Ilbo,
Seoul Shinmun, All TVs
President Lee Proposes "Grand Bargain"
on N. Korea's Nuclear Issue

Dong-a Ilbo, Hankyoreh Shinmun
Prime Minister Nominee Remains Steadfast in Calling for Change to
New Administrative Capital Relocation
Project of Sejong City

Segye Ilbo
Prime Minister Nominee: "(Relocating Administrative Offices to)
Sejong City Is Inefficient from a National Perspective"

DOMESTIC DEVELOPMENTS

President Lee Myung-bak, in a Sept. 21 meeting jointly hosted by the
Korea Society, the Asia Society and the U.S. Council on Foreign
Relations in New York, proposed a "grand bargain" for the Six-Party
Talks in which North Korea will dismantle the core parts of its
nuclear program in exchange for security assurances and
international economic aid. (All)

President Lee was further quoted as stressing qualitative changes in
the ROK-U.S. alliance, saying: "It is time for the ROK-U.S. alliance
to contribute to world peace." (Chosun)

The Justice Ministry said yesterday that it will submit an
immigration bill next month to the National Assembly to collect
biological records, including fingerprints, from foreigners entering
the ROK. (JoongAng)

INTERNATIONAL NEWS

CIA Director Leon Panetta, in a recent interview with Bloomberg,
said that the U.S. and North Korea "are discussing the ability to
try to talk with one another" and that the two countries "are in a

honeymoon situation right now." (JoongAng)

There is a growing consensus within the Obama Administration that China has played a major role in changing North Korea and that the Administration should strengthen cooperation with China until the North's nuclear dismantlement. (JoongAng)

According to Radio Free Asia (RFA), U.S. political circles are raising the possibility of a summit meeting between the U.S. and North Korea in the first half of next year. (Hankook, Segye, Seoul)

MEDIA ANALYSIS

-N. Korea

Most media gave top front-page play to President Lee Myung-bak's Sept. 21 proposal in New York for a "grand bargain" on North Korea's nuclear issue. President Lee was widely quoted: "We need an integrated approach to fundamentally resolve the North Korean nuclear issue. Through the Six-Party Talks, we need to push forward a 'grand bargain' to dismantle the core parts of the North's nuclear program, while at the same time providing security assurances and international economic aid."

In a related development, a key Blue House official was quoted as explaining: "While the previous, step-by-step package deal only

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wasted time because everything went back to square one when the North decided to leave the talks, President Lee's 'grand bargain' is a 'one-shot deal' focused on giving North Korea (everything) that it wants (economic aid and regime security) while, at the same time, receiving everything that we want from North Korea (North Korea denuclearization.) "

Conservative Chosun Ilbo observed that it was the first time President Lee used the term "grand bargain" in an international forum and that he apparently meant to provide momentum to dialogue between the four big powers surrounding the Korean Peninsula. In an editorial, Chosun argued: "The idea of resolving the North Korean nuclear issue through a package deal is nothing new. ... In order to avoid repeating past failures (in negotiations with North Korea) the ROK and the U.S. should provide substantial aid only if there is proof that North Korea has dismantled its nuclear program in an irreversible fashion."

Right-of-center JoongAng Ilbo commented in an editorial: "This 'grand bargain' proposal is a timely concept, which we expect to serve as a turning point in fundamentally resolving the North Korean nuclear issue. ... First of all, the ROK should come up with the specifics of an 'integrated approach' to make the "grand bargain" feasible. It is also important to closely cooperate with China, Russia and Japan as well as with the U.S. Afterwards, the ROK should present the grand bargain during talks with North Korea, whether they are bilateral or multilateral talks."

Conservative Dong-a Ilbo editorialized: "The North will be deluding itself if it thinks that it can use bilateral dialogue with the U.S. or the Six-Party Talks to buy time. There will not be endless opportunities for North Korea to resolve the nuclear issue peacefully while receiving comprehensive economic aid. If the North misses this opportunity, it will inevitably face stronger international sanctions and will not be able to win a security guarantee for the Kim Jong-il regime. Only when the North shows (its strong commitment toward) nuclear dismantlement through action can it escape international isolation and economic difficulties."

Right-of-center JoongAng Ilbo carried an inside-page report entitled "U.S. Sees that China has Changed N. Korea... (The U.S.) Is Likely to Strengthen Cooperation with China on N. Korea." The report quoted President Barack Obama as telling CNN on Sept. 20 that Washington's North Korea policy has been a success so far and that

he's satisfied with the cooperation from China and Russia in sanctioning North Korea for its nuclear and missile tests.

-Afghanistan

Most newspapers carried inside-page reports on a recent 66-page report by General McChrystal, the U.S. and NATO commander in Afghanistan, in which he warned that more troops are needed in the war-torn country within the next year or the nearly 8-year-old war "will likely result in failure."

Conservative Chosun Ilbo wrote in the headline: "Gen. McChrystal: 'Without More Troops U.S. Risks Failure in Afghan War;' Obama Lackadaisical in Sending More troops without a Clearer Strategy."

OPINIONS/EDITORIALS

1N. KOREA'S LAST OPPORTUNITY TO ABANDON NUCLEAR WEAPONS AND RECEIVE "GRAND BARGAIN"

(Dong-a Ilbo, September 22, 2009, Page 35; Excerpts)

President Lee Myung-bak's "grand bargain" proposal can be described as a "bundle of presents" for North Korea to persuade it to abandon its nuclear programs. During the ROK-U.S. summit in Washington this past June, President Lee had proposed a "comprehensive package," which was different from the previous negotiation framework of phased compensations. The comprehensive package was designed to

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address North Korea's denuclearization steps and the rewards that it will receive in return at one stroke. While the "comprehensive package" was about resolving the nuclear issue and providing economic assistance, the "grand bargain" goes further to include a security assurance for the North and international economic aid.

Although the North is recently continuing its charm offensive by signaling its willingness to accept not only bilateral dialogue with the U.S. but also multilateral talks, the international community is responding with skepticism, seeing North Korea's recent moves as a "repeat of its past tactic to escape difficulty by getting (the international community) to ease its sanctions." The world's trust in North Korea is almost at rock bottom. So far, North Korea has gained what it wanted by cycling through a pattern of provocation, negotiation and deal-breaking with other countries. The international community is now trying to avoid being deceived by this tactic again.

The North will be deluding itself if it thinks that it can use bilateral dialogue with the U.S. or the Six-Party Talks to buy time.

There will not be endless opportunities for North Korea to resolve the nuclear issue peacefully while receiving comprehensive economic aid. If the North misses this opportunity, it will inevitably face stronger international sanctions and will not be able to win a security guarantee for the Kim Jong-il regime. Only when the North shows (its strong commitment toward) nuclear dismantlement through action can it escape international isolation and economic difficulties.

ROK, U.S. SHOULD WORK OUT WAYS TO AVOID REPEATING PAST FAILURES IN NEGOTIATIONS WITH N. KOREA

(Chosun Ilbo, September 22, 2009, Page 39)

In a speech in New York on Monday, President Lee Myung-bak said, "Now is the time to seek a grand bargain or package settlement. Through the Six-Party Talks, North Korea should first dismantle the key elements of its nuclear program and then we will provide security guarantees and international assistance," Lee said. He called for the Five Parties (U.S., China, Japan, Russia and the ROK) to develop a comprehensive approach to address the North Korea nuclear issue.

Previously, U.S. Secretary of State Hillary Clinton said Washington was willing to offer North Korea "military and political guarantees"

and economic incentives if it agrees to dismantle its nuclear program. The comments indicate that South Korea and the United States have agreed to offer security guarantees and economic support in exchange for nuclear dismantlement.

The idea of resolving the North Korean nuclear issue through a package deal is nothing new. In October 1994, a year after the first North Korean nuclear crisis flared up, tensions were reduced by the Geneva accords, in which the North was promised a light-water reactor as well as food and heavy oil shipments if it froze the Yonbyon nuclear facility. But this lowered tensions only temporarily, while the source of the problem remained, only to resurface again later. North Korea's overtures since July to seek talks with South Korea and the U.S., may well be based on the judgment that it can carry on with the same strategy while holding on to its nuclear weapons program.

South Korea cannot sit by and watch while North Korea proposes talks and the U.S. responds to the offer. In order to avoid repeating past failures (in negotiations with North Korea,) the ROK and the U.S. should provide substantial aid only if there is proof that North Korea has dismantled its nuclear program in an irreversible fashion. What are the chances of North Korea scrapping its nuclear weapons program as a result of negotiations? The government must have no illusions and take a cold, hard look at the reality of the situation.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

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PRESIDENT LEE'S 'GRAND BARGAIN' PROPOSAL REVEALS DISCREPANCIES IN HIS "POLICY OF DENUCLEARIZATION AND OPENNESS"
(Hankyoreh Shinmun, September 22, 2009, Page 31)

During his visit to the U.S., President Lee Myung-bak proposed a package agreement on the North Korean nuclear issue. The concept of nuclear diplomacy that he proposed appears to signal the beginnings of a move towards dialogue in order to resolve the nuclear issue. How effective this proposal will be is in doubt, however, as it does not show any real understanding of the problems of the existing North Korea policy.

The core of President Lee's proposal is a package agreement in which North Korea is asked to abandon core parts of its nuclear program through the Six-Party Talks in exchange for a definite security guarantee and an earnest commitment on international assistance. This proposal represents both a substantial advance after North Korea's initial steps towards total denuclearization, and also declares an intention to provide more incentives. One can glimpse signs that there has been some consideration prior to the start of nuclear discussions on how to present a specific proposal. It also conveys the sense of encouraging the U.S. not to accede too easily in its upcoming dialogue with North Korea.

The current proposal remains in line with President Lee's Vision 3000: Denuclearization and Openness Plan, in which large-scale assistance is promised to North Korea on the condition that it first abandons its nuclear program. The proposal therefore inherits all of that policy's problem areas, which have already been revealed all too clearly. First and foremost, the section on "abandoning core parts of the North Korean nuclear program" is something that can only be accomplished after considerable progress is made in negotiations, yet there is nothing about the process leading up to it. In this regard, this proposal can be seen as a retreat when compared to President Lee's Independence Day celebratory address, where he said, "If North Korea makes the determination to abandon its nuclear program, I will push forward with a new vision of peace." Realistically, the U.S. and North Korea are the ones leading nuclear discussions. It will be impossible to gain the cooperation of the countries involved if the South Korean government merely calls for prior denuclearization without securing any leverage for negotiations. It is also inappropriate for it to be seen continuing to fixate on five-party discussions, a transformed

version of the five-party talks framework.

Another major problem with the proposal is how it conveys the sense that inter-Korean relations are subordinate to the nuclear issue. President Lee said, "Even if we cooperate with and hold dialogue with North Korea in the future, resolution on the nuclear issue will serve as one of the main items on the agenda." It is in itself contradictory to declare an intention to discuss the nuclear issue with North Korea without making any basic efforts to thaw inter-Korean relations by resuming tourism efforts at Mt. Kumkang and Kaesong or by providing humanitarian assistance. Such an approach will prevent the formation of the "virtuous circle of inter-Korean relations and resolution to the nuclear issue" that the government has been emphasizing.

The problem with a policy of demanding prior denuclearization is not that apparent in a situation where pressure is being applied on North Korea, but it can easily turn into a hindrance to negotiations. Unless the South Korean government is more assertive in its interactions with the other countries involved, including North Korea and China, by changing its "denuclearization and openness" policy and making headway in inter-Korean relations, packet agreement plans like the current one will remain unrealistic.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

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WELCOMING PRESIDENT LEE'S 'GRAND BARGAIN' ON N. KOREA'S NUCLEAR ISSUE

(JoongAng Ilbo, September 22, 2009, page 46)

President Lee Myung-bak, who is on a visit to New York, proposed a "grand bargain" resolution of North Korean nuclear issue. In a September 21 speech jointly sponsored by (the Korea Society, the Asia Society) and the U.S. Council on Foreign Relations, President Lee proposed a comprehensive deal in which North Korea dismantles the core parts of its nuclear program in exchange for security assurances and international economic aid. This 'grand bargain' proposal is a timely concept, which we expect to serve as a turning point in fundamentally resolving the North Korean nuclear issue.

As President Lee said, in the last 20 years, the North's nuclear issues have repeated (a pattern of) dialogue and tension, progress and setbacks, as well as stalemates. We should break the past pattern, in which we rewarded North Korea for its agreement on a nuclear freeze, but the North broke its promise and everything went back to square one. U.S. President Barack Obama pledged not to engage in step-by-step negotiations because he is well aware that the U.S. has been deceived by North Korea's "salami tactics," in which Pyongyang slices the process of nuclear abandonment as thinly as possible and then requires rewards after each sliced step in order to maximize its gains.

Only one solution will work. The ROK should enter into a "one-shot deal" for the most fundamental and core parts. For their part, North Korea, which proclaimed that it developed its nuclear program due to the U.S.'s antagonistic policy, would gain security assurances and economic aid, while the other Six-Party countries pursue North Korea's complete nuclear dismantlement. President Lee explained this idea to President Obama during the June ROK-U.S. summit and raised the need to hold consultations involving the five countries (of the Six Party Talks) excluding North Korea. President Lee believed that the five countries need to specifically discuss action plans to get North Korea to give up its nuclear ambition. There is no other alternative to fundamentally resolve the North Korean nuclear issue.

There will be a bumpy road ahead for the "grand bargain." North Korea's nuclear dismantlement means dismantling existing nuclear weapons and materials in a verifiable way and dismantling all nuclear facilities including uranium enrichment facilities in an irreversible way. This (grand bargain) will merely end up being an

empty vision, without Kim Jong-il's determination. Kim Jong-il should consider the best way for North Korea to obtain a security guarantee and face the realities of (North Korea's situation) since he is wrestling with a succession issue due to his ill health. The North cannot achieve its goal of becoming prosperous and powerful if it insists on being recognized as a nuclear state. North Korea will not have any future if it misses this opportunity. As President Lee said, no countries in the world will antagonize North Korea if it pledges to discard its nuclear weapons program and come forward to join with the international community.

First of all, the ROK should come up with the specifics of an 'integrated approach' to make the "grand bargain" feasible. It is also important to closely cooperate with China, Russia and Japan as well as with the U.S. Afterwards, the ROK should present the grand bargain during talks with North Korea, whether they are bilateral or multilateral talks. If this is the only, even if not easy, way to settle the North Korean nuclear issue, we should take active action to deliver on this vision.

FEATURES

PRESIDENT PROPOSES 'GRAND BARGAIN' TO DEAL WITH NORTH
(JoongAng Daily, September 22, 2009, Front Page)

By Ser Myo-ja

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Lee says past incremental attempts were easy to sidestep

President Lee Myung-bak proposed yesterday a "grand bargain" for the Six-Party Talks in which North Korea will swap dismantlement of core parts of its nuclear arms program in exchange for security assurances and international economic aid.

As a part of his trip to the United States this week, President Lee is scheduled to attend a luncheon jointly hosted by the U.S. Council on Foreign Relations, the Korea Society and the Asia Society on Monday, New York time. In a speech prepared for the event, Lee said it is time to break the pattern of the past in which North Korea was rewarded for bad behavior. To put an end to the nuclear crisis on the Korean Peninsula, Lee said a grand bargain must be pushed forward by Seoul, Washington, Beijing, Tokyo and Moscow.

The Korean-language text of Lee's address was made available in advance of his actual speech.

Lee's remarks were also to be made at a sensitive time. According to the Blue House, Lee will hold separate bilateral meetings with Chinese President Hu Jintao and Japanese Prime Minister Yukio Hatoyama on Wednesday. The proposal of a grand bargain also came days after North Korean leader Kim Jong-il expressed his willingness to discuss his country's nuclear arms programs in both bilateral and multilateral talks.

"In order to unite the two Koreas, we must first achieve denuclearization of the Korean Peninsula," Lee said according to the text. "To this end, the North must give up its nuclear arms programs."

The South Korean president, however, said no signs have appeared that Pyongyang is willing to do so.

"Until now, the North's nuclear issues have repeated (a pattern of) dialogue and tension, progress and setbacks, as well as stalemates," Lee said. "We must break this pattern from the past. Leaving aside the fundamental issue of North Korea's complete nuclear dismantlement, we had compromised and rewarded the North for a nuclear freeze. The North, then, broke its promise and the situation went back to square one. We must no longer repeat the precedents of the past 20 years."

Lee said Seoul, Washington, Tokyo, Beijing and Moscow need

five-nation consultations in order to clearly agree on the final route of Pyongyang's nuclear abandonment and create an action plan to achieve the goal. The South Korean president said he had already made such a proposal to his U.S. counterpart, Barack Obama, when they met in Washington for a bilateral summit in June.

"We need an integrated approach to fundamentally resolve the North Korea nuclear issue," Lee said. "Through the Six-Party Talks, we need to push forward a 'grand bargain' to dismantle the core parts of the North's nuclear program, while at the same time providing security assurances and international economic aid."

A senior Blue House official explained that Lee's proposal seeks to seal an overall deal because past approaches have proven inefficient. "While the previous, step-by-step package deal only wasted time because everything went back to square one when the North decided to leave the talks," the presidential aide said, "Lee is proposing that negotiations from now on must focus on irreversible nuclear dismantlement. Immediately after the deal is concluded, the North and the five parties must act simultaneously."

The official also said the previous plan of a "comprehensive package deal" was more focused on what to give to the North, while Lee's proposal of a "grand bargain" is based on a concept of reciprocity. "The grand bargain is about giving North Korea (everything) that it wants (economic aid and regime security) while, at the same time, receiving everything that we want from North Korea (North Korea denuclearization.)"

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Another senior official said that Lee is considering substantive measures on dismantling core parts of the North's nuclear programs. "Moving used nuclear fuel rods, which are the sources of weapons-grade plutonium, outside North Korea under the monitoring of the International Atomic Energy Agency, or destroying core parts of the nuclear reactor are possible methods of dismantlement," he said. "Of course, all nuclear materials and nuclear weapons that have already been built must be dismantled."

"Five countries of the Six-Party Talks (with the exception of the North) have reached a consensus on the overall deal, and we are currently discussing the specifics of the negotiations with the North," he added.

Reiterating his August promise for economic aid to the North in return for its decision to give up nuclear arms, Lee said North Korea must not feel such a process is a threat to its regime.

"By giving up nuclear programs, the North will be able to form new relationships with the United States and the international community, and that will be the only path for the North's survival and development," he said.

In asking China to play a larger role in persuading the North, Lee said that South Korea will also increase its efforts, noting that the nuclear issue will always be addressed at all inter-Korean talks. Lee said Washington and Seoul will act in unison to deal with the matter, while South Korea will continue to implement UN sanctions on the North to punish its nuclear development and proliferation attempts.

"This is not a crisis, but an opportunity for North Korea," Lee said. "North Korea must not let this opportunity - perhaps its last - to slip away." By making public his proposal of the "grand bargain," Lee appears to be bidding farewell to existing strategies of resolving the nuclear crisis step by step. Until now, North Korea has repeated brinkmanship and "salami tactics," in which Pyongyang slices the process of nuclear abandonment as thinly as possible and then requires rewards after each sliced step in order to maximize its gains while delaying the end result.

"The 1994 Geneva Agreement between the United States and the North for a nuclear freeze has already been broken, and enormous expenses were wasted for the light-water reactor construction and supply of

heavy fuels," a senior Blue House official said. "The September 19, 2005 agreement of the Six-Party Talks also envisioned a step-by-step approach, but it has also proven ineffective because the North still conducted a nuclear test. "While past negotiations dealt with the easiest and lightest issues first, President Lee is proposing to settle everything at once," the official said.

The latest proposal will also change Lee's North Korea policy. Lee had promised assistance to boost the North's per capita income to \$3,000 over the next decade in return for the North's decision to give up its nuclear programs. In the new proposal, dismantlement is no longer a precondition, but a card Pyongyang can trade for economic aid and security.

STEPHENS